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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

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By
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Corporation
St. Petersburg, FL

(Mark one)

[x] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the period ended ...June 30, 1992.....

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from.....to.....

Commission file number 0-8641

SELECTIVE INSURANCE GROUP, INC.
(Exact name of Registrant as specified in its charter)

New Jersey (State of Incorporation)	22-2168890 (IRS Employer Identification No.)
Wantage Avenue, Branchville, New Jersey (Address of principal executive offices)	07890 (Zip Code)
of principal executive offices)	201-948-3000 (Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of July 31, 1992.

Common stock par value $2 per share, 13,364,707

PART I

Item 1. Financial Statements

The Consolidated Statements of Income and Consolidated Balance Sheets required under this item are incorporated by reference to that portion of the Registrant's 1992 Second Quarter Report to Stockholders entitled "Consolidated Statements of Income" and "Consolidated Balance Sheets." The Consolidated Statements of Cash Flows and the notes to the consolidated financial statements required under this item are contained on pages 3 through 5 of this Report.

SELECTIVE INSURANCE GROUP, INC.
Consolidated Statements of Cash Flows
Six Months Ended June 30
(unaudited)

(in thousands)	1992	1991
Operating Activities		
Net income	$39,675	7,743
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect on prior years of changes in accounting principles, net of tax effect	(26,468)	-
Increases in reserves for losses and loss expenses	20,426	30,725
Increase in unearned premiums	7,511	15,288
Decrease in Federal income tax	(4,125)	(2,499)
Depreciation and amortization	2,566	2,328
Increase in premiums and other receivables	(10,074)	(14,368)
Increase in deferred policy acquisition costs	(3,200)	(4,200)
Increase in interest and dividends due or accrued	(357)	(300)
Increase in funds held under reinsurance treaties	3,675	6,702
Decrease in deferred service fee income	(595)	(1,615)
Net realized gains on investments	(318)	(1,533)
Increase in premium and payroll taxes payable	5,307	1,031
Other - net	(1,661)	(6,653)
Net adjustments	(7,313)	24,906
Net cash provided by operating activities	32,362	32,649
Investing Activities		
Purchase of fixed maturities	(41,244)	(124,391)
Purchase of equity securities	(12,214)	(1,998)
Purchase of other investments	(2,352)	(60)
Sale of fixed maturities	4,213	43,192
Maturities of fixed maturities	22,767	39,351
Sale of equity securities	5	4,598
Proceeds from other investments	509	137
Net additions to real estate, furniture and equipment	(1,015)	(2,845)
Net cash used in investing activities	(29,331)	(42,016)
Financing Activities		
Principal payments on notes payable	-	(325)
Dividends to stockholders	(7,183)	(6,840)
Acquisition of treasury stock	(180)	-
Increase in amount due banks	116	1,897
Net proceeds from dividend reinvestment plan	558	539
Net proceeds from employee and agent stock plans	663	534
Net cash used in financing activities	(6,026)	(4,195)
Net decrease in cash equivalents	(2,995)	(13,562)
Cash equivalents at beginning of year	19,595	34,522
Cash equivalents at end of period	$16,600	20,960
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 633	658
Federal income tax	5,973	3,018
Supplemental schedule of non-cash financing activity:		
Conversion of convertible subordinated debentures	296	71

Notes to Consolidated Financial Statements

1. Federal Income Taxes

(a) In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Statement 109 requires a change from the deferred method of accounting for income taxes of APB Opinion 11 to the asset and liability method of accounting for income taxes. Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences). Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Effective January 1, 1992, the Company adopted Statement 109 and has reported the cumulative effect of that change in the method of accounting for income taxes ($20,330,000) in the first quarter of 1992 consolidated statements of income.

Pursuant to the deferred method under APB Opinion 11, which was applied in 1991 and prior years, deferred income taxes are recognized for income and expense items that are reported in different years for financial reporting purposes and income tax purposes using the tax rate applicable for the year of calculation. Under the deferred method, deferred taxes are not adjusted for subsequent changes in tax rates.

(b) A reconciliation of Federal income tax on pre-tax earnings at regular corporate rates to actual tax expense is as follows:

	Six months ended June 30	
	1992	1991
Computed "expected" tax rate	34.0%	34.0
Tax-exempt interest	(21.8)	(53.1)
Dividends received deduction	(1.9)	(3.9)
Salvage and subrogation fresh start deduction	-	(6.5)
Loss reserve fresh start deduction	-	(6.2)
Additional alternative minimum tax	-	37.0
Other	2.0	5.0
Effective tax rate	12.3%	6.3

(c) The tax effects of the significant temporary differences that give rise to the deferred tax liabilities and assets at June 30, 1992 are as follows:

(in thousands)	
Deferred tax liabilities:	
Deferred policy acquisition costs	$22,270
Unrealized gains on equity securities	7,475
Accelerated depreciation	2,960
Other	4,016
Total deferred tax liabilities	36,721
Deferred tax assets:	
Loss reserve discounting	40,441
Unearned premiums	14,692
Accrual for insurance fund charges	2,965
Alternative minimum tax carryforward	1,694
Anticipated salvage & subrogation	1,246
Pension	1,159
Other	4,522
Total deferred tax assets	66,719
Net deferred tax asset	$29,998

2. Deferred Policy Acquisition Costs

Policy acquisition costs are directly related to the writing of an insurance policy and consist primarily of commissions, state premium taxes and assessments, labor costs and other direct underwriting expenses. These costs are deferred and amortized over the life of the policies as premiums are earned in order to facilitate a matching of revenues and expenses. The deferred policy acquisition costs prior to January 1, 1992, were limited to the sum of unearned premiums less anticipated losses and loss adjustment expenses, policyholder dividends and other expenses for maintenance of policies in force. In the first quarter of 1992, the method of deferring policy acquisition costs was changed to anticipate investment income in determining the recoverability of such deferred policy acquisition costs. The newly adopted accounting principle is preferable because the Company considers anticipated investment income in determining the price of its insurance policies. This change affected the 1992 line items as indicated in the table below.

($ in thousands, except per share data)	Decrease in Quarter ended 6/30/92			Increase in Six Months Ended 6/30/92		
		Per Share Data			Per Share Data	
	$ Change	Primary	Fully Diluted	$ Change	Primary	Fully Diluted
Income before cumulative effect of changes in accounting principles	$ (594)	(.04)	(.04)	132	.01	.01
Cumulative effect on prior years of changes in accounting principles, net of tax effect of $3,162	-	-	-	6,138	.46	.43
Net income	$ (594)	(.04)	(.04)	6,270	.47	.44

Item 2: Managements Discussion and Analysis of Financial Condition and Results of Operations

The following discussion relates to the Company's results of operations, financial condition and cash flows for the interim periods indicated. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods indicated have been made.

Results of Operations

Net premiums written for the six months and quarter ended June 30, 1992 rose 5% and 3%, respectively, over the same periods one year ago. Net premiums earned for the same periods rose 8% and 9%. Most of the growth occurred in personal lines, where net premiums written were up 11% for the six months and 8% for the quarter. Commercial lines growth for these periods was between 1% and 2%.

The rise in personal lines net premiums written occurred in New Jersey automobile, which increased $11.2 million for the six months and $4.9 million for the quarter ended June 30, 1992. These amounts include: (1) additional premiums generated from an increase in the number of policies written (approximately $7 million for the six months and $3.5 million for the quarter); and (2) additional premiums of approximately $4.3 million (six months) and $1.5 million (quarter) due to higher rates. The increase in the number of New Jersey automobile policies was primarily due to new policies issued by the Company to meet regulatory requirements.

The modest growth in commercial lines reflects the current economic conditions reducing premium levels in most lines of insurance. However, workers' compensation net premium written increased by $5.9 million, or 12%, for the six months and $1.7 million, or 8%, for the quarter ended June 30, 1992, essentially due to rate increases and lower reinsurance costs.

Net investment income continues to post favorable increases. For the six months it was up 8% and up 7% for the quarter, over the same periods one year ago. These increases were essentially due to the investment of additional cash generated from operating activities. Another factor increasing investment income was the shift in the mix of fixed maturity investments from tax-exempt to taxable, where higher pre-tax yields were available. The shift in the mix between tax-exempt and taxable fixed maturities reflects management's objective of maximizing after-tax yields on the Company's investment portfolio.

The ratio of losses and loss expenses incurred to net premiums earned (the loss and loss expense ratio) was 68.2% for the six months ended June 30, 1992, down from 72.8% for the same period one year ago. The improvement in the ratio reflects, in part, better claim experience in most commercial lines and personal automobile.

For the quarter, the loss and loss expense ratio declined to 69.0% from 70.2% in 1991. This reflects overall improvement in total commercial lines; however, workers' compensation generated additional losses.

The workers' compensation line continues to reflect the poor experience from the involuntary business assigned the Company by the National Workers' Compensation Reinsurance Pool (the "Pool"). The underwriting loss from the Pool for the six

months was approximately $5.3 million in 1992 versus $9.0 million in 1991 and for the quarter was $2.9 million in 1992 compared with $1.3 million in 1991. In addition, the Company's voluntary business has experienced approximately 10 points of increase in the loss and loss expense ratio for both the six months and quarter ended June 30, 1992. Such increases were primarily due to: (1) higher medical costs; (2) increase in claim frequency; and (3) inadequate pricing due to regulatory pressures.

Policy acquisition costs increased for both the six months and quarter ended June 30, 1992 over the same periods one year ago by $10.1 million and $5.1 million, respectively. The increase for the six months and the quarter, in part, reflects the estimated assessment from the Market Transition Facility of New Jersey (the "MTF") of $4.0 million and $2.0 million, respectively. These amounts represent the Company's estimate of its apportioned share of the loss from the MTF. Another factor increasing the policy acquisition costs is the expenses (approximately $3.1 million for the six months and $1.1 million for the quarter) related to premium growth. These costs include commissions, as well as premium taxes and assessments.

The increase in other expenses for the six months and the quarter ended June 30, 1992, reflects the compensation costs associated with the stock appreciation rights in the Company's stock option plan. For the six months and quarter ended June 30, 1992, these compensation costs increased by $1.3 million.

During the first quarter of 1992, the Company adopted Financial Accounting Standards No. 109, Accounting for Income Taxes (FASB 109) as a cumulative effect adjustment (see note 1 to the second quarter consolidated financial statements for additional disclosures on Federal income taxes).

The Company's net income rose for the six months ended June 30, 1992 from $7.7 million to $39.7 million, and declined for the quarter from $6.8 million to $6.0 million over the same periods one year ago. The significant increase in net income for the six months reflects: (1) the cumulative effect adjustment of $26.5 million; (2) the $6.7 million improvement in the underwriting results; and (3) the higher net investment income of $2.7 million. These items were partially offset by increases in Federal income taxes and other expenses of $1.3 million and $1.4 million, respectively.

The decline in net income for the quarter was primarily due to the increase in other expenses of $1.3 million and the decline in net realized gains on investments of $.8 million, which was partially offset by lower Federal income taxes and growth in investment income.

The loss from underwriting operations (before Federal income tax) amounted to $19.0 million in 1992 compared with $25.7 in 1991 for the six months and $10.6 million in 1992 compared with $10.3 million in 1991 for the quarter.

Financial Condition, Liquidity and Capital Resources

Total assets increased $66.3 million, or 5%, from December 31, 1991. This growth was essentially due to: (1) increases in deferred Federal income taxes of $20.6 million and deferred policy acquisition costs of $12.5 million (mainly due to accounting changes adopted in the first quarter of 1992); (2) cash provided by operating activities of $32.4 million; and (3) the higher net premiums written reflected in premiums receivable.

The rise in total liabilities of $34.0 million from December 31, 1991, is mainly comprised of: (1) increases in reserves for losses and loss expenses of $20.4 million; (2) growth in the unearned premiums of $7.5 million; and (3) increase in funds held under reinsurance contracts of $3.7 million. The increase in unearned premiums is a reflection of the growth in net premiums written but not yet earned.

Part II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit Number	
11	Statement Re Computation of Per Share Earnings
20	Selective Insurance Group, Inc. 1992 Second Quarter Report to Stockholders (with the exception of the information incorporated by reference into Part I of this Report, such Second Quarter Report is furnished for the information of the Securities and Exchange Commission and is not deemed "filed" as part of this Form 10-Q Report).

(b) There were no reports on Form 8-K filed during the quarter for which this Report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SELECTIVE INSURANCE GROUP, INC.
Registrant

Date August 7, 1992

Frederick H. Jarvis
Frederick H. Jarvis,
Chairman of the Board,
and Chief Executive Officer

Date August 7, 1992

Dominic J. Addesso
Dominic J. Addesso,
Executive Vice President and
Chief Financial Officer